

EXHIBIT 1

SETTLEMENT AGREEMENT

This SETTLEMENT AGREEMENT (this “Settlement Agreement”), dated as of January _____, 2020, is made by and among:

IRVING H. PICARD (the “Trustee”), in his capacity as trustee under the Securities Investor Protection Act of 1970, 15 U.S.C. §§ 78aaa *et seq.*,¹ as amended (“SIPA”), for the liquidation of Bernard L. Madoff Investment Securities LLC (“BLMIS”) and the substantively consolidated Chapter 7 estate of Bernard L. Madoff (“Madoff”);

and

STANLEY SHAPIRO, individually and in his capacities as general partner of S&R Investment Co., as trustee of the LAD Trust, as trustee for the David Shapiro 1989 Trust (the “David Shapiro Trust”), as amended, as trustee for the Leslie Shapiro Citron 1985 Trust (the “Leslie Shapiro Citron Trust”), as amended, and as executor of the Estate of Renee Shapiro;

ESTATE OF RENEE SHAPIRO;

S&R INVESTMENT CO. (“S&R”);

DAVID SHAPIRO, individually and in his capacity as trustee of the Trust for the Benefit of [REDACTED] W.P.S. [REDACTED] and [REDACTED] J. G.S. [REDACTED] (the “David Shapiro Children’s Trust”);

LESLIE SHAPIRO CITRON, individually;

and

KENNETH CITRON, individually and in his capacity as trustee of the Trust for the Benefit of [REDACTED] A.J.C. [REDACTED] K.F.C. [REDACTED] and [REDACTED] L.C.C. [REDACTED] (the “Citron Children’s Trust”)

(collectively, “Defendants,” and with the Trustee, the “Parties” and each Defendant and the Trustee, a “Party”).

RECITALS

A. BLMIS and its predecessors were registered broker-dealers and members of the Securities Investor Protection Corporation (“SIPC”).

B. On December 11, 2008 (the “Filing Date”), the United States Securities and Exchange Commission (the “SEC”) filed a complaint in the United States District Court for the Southern District of New York (the “District Court”) against BLMIS and Madoff.

¹ Citations to sections of SIPA shall hereinafter omit reference to title 15.

C. On December 15, 2008, pursuant to section 78eee(a)(4)(A) of SIPA, the SEC consented to a combination of its own action with an application by SIPC. Thereafter, SIPC filed an application in the District Court under section 78eee(a)(3) of SIPA alleging, *inter alia*, that BLMIS was not able to meet its obligations to securities customers as they came due and, accordingly, its customers needed the protections afforded by SIPA. On December 15, 2008, the District Court granted SIPC's application and entered an order, which, in pertinent part, appointed the Trustee under section 78eee(b)(3) of SIPA, and removed the case to the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") under section 78eee(b)(4) of SIPA, where it is currently pending (No. 08-01789 (SMB)) (the "SIPA Proceeding"). The Trustee is duly qualified to serve and act on behalf of the substantively consolidated estate of BLMIS and Madoff (the "Estate").

D. On December 11, 2008, Madoff was arrested by federal agents for violating criminal securities laws including securities fraud, investment adviser fraud, and mail and wire fraud. At a plea hearing on March 12, 2009, in the case captioned *United States v. Madoff*, No. 09-CR-213(DC), Madoff pleaded guilty to an 11-count criminal information filed against him by the United States Attorney's Office for the Southern District of New York, and admitted that he "operated a Ponzi scheme through the investment advisory side of [BLMIS]" and engaged in fraud in the operation of BLMIS.

E. Stanley Shapiro was married to Renee Shapiro, who died in September 2017. Stanley Shapiro is the executor of his late wife's estate. Stanley Shapiro and Renee Shapiro (together, the "Shapiros") formed S&R, a partnership of which Stanley Shapiro is the general partner. Leslie Shapiro Citron and David Shapiro are children of the Shapiros. Kenneth Citron and Leslie Shapiro Citron (the "Citrons") are married and have three children, Anna Jane Citron, Kate Faye Citron, and Lily Claire Citron. David Shapiro has two children, William P. Shapiro and James G. Shapiro.

F. Stanley Shapiro formed the LAD Trust of which his children were the primary beneficiaries. Throughout its existence, the Shapiros were trustees of the LAD Trust, which was dissolved in or about 1985.

G. The Leslie Shapiro Trust was formed in June 1985. Throughout its existence, the Shapiros were trustees of the Leslie Shapiro Trust and Leslie Shapiro Citron was its primary beneficiary. The Leslie Shapiro Trust terminated in April 2006.

H. The David Shapiro Trust was formed in August 1989. Throughout its existence, the Shapiros were trustees of the David Shapiro Trust and David Shapiro was its primary beneficiary.

I. The Citron Children's Trust was formed in September 2007. Kenneth Citron is the trustee of the Citron Children's Trust, and Anna Jane Citron, Kate Faye Citron, and Lily Claire Citron are its primary beneficiaries.

J. The David Shapiro Children's Trust was formed in September 2007. David Shapiro is a trustee of the David Shapiro Children's Trust, and William P. Shapiro and James G. Shapiro are its primary beneficiaries.

K. In or about 1995, BLMIS hired Stanley Shapiro to serve as a consultant in its proprietary trading business. During the course of his employment with BLMIS, Stanley Shapiro received a salary and certain other compensation, benefits, and perquisites including, but not limited to, health care coverage for himself and his late wife, company-issued cell phones, and travel on BLMIS-chartered private planes (collectively, "BLMIS Salary, Benefits & Perquisites").

L. Defendants were customers of BLMIS's investment advisory business. Over the years, Defendants held numerous investment advisory accounts (each, an "Account," and collectively, the "Accounts"), including, but not limited to, the following: Accounts 1SH014, 1SH079, 1SH172, 1SH028, 1SH030, 1C1251, 1SH171, 1C1345 1S0306, and 1S0540.

M. From the opening of the Accounts to the Filing Date, BLMIS transferred a total of \$53,778,486 collectively from the Accounts to Defendants (the "Transfers").

N. In the six years prior to the Filing Date, BLMIS transferred a total of \$41,066,486 collectively from the Accounts to Defendants (the "Six-Year Transfers").

O. In the two years prior to the Filing Date, BLMIS transferred a total of \$9,482,424 collectively from the Accounts to Defendants (the "Two-Year Transfers").

P. The Trustee and the Defendants dispute whether and to what extent certain of the transfers made by BLMIS from the Accounts were received by Defendants constituted initial transfers or subsequent transfers ("Subsequent Transfers") of initial transfers.

Q. Defendants filed the following customer claims in the SIPA Proceeding (each a "Customer Claim" and, collectively, the "Customer Claims"), claiming monies and securities as reported in the Accounts' customer statements issued by BLMIS for the month ending November 30, 2008 (the "Last Statement Amounts"):

- (i) the Citrons filed a customer claim for Account 1C1251, designated as Claim No. 013658;
- (ii) Kenneth Citron and another, as trustees of the Citron Children's Trust, filed a customer claim for Account 1C1345, designated as Claim No. 005116;
- (iii) David Shapiro filed a customer claim for Account 1S0306, designated as Claim No. 012386;
- (iv) David Shapiro and another, as trustees of the David Shapiro Children's Trust, filed a customer claim for Account 1S0540, designated as Claim No. 005656;
- (v) the Shapiros, as general partners of S&R, filed a customer claim for Account 1SH014, designated as Claim No. 012228;
- (vi) David Shapiro filed a customer claim for Account 1SH028, designated as Claim No. 012387;
- (vii) Leslie Shapiro Citron filed a customer claim for Account 1SH030, designated as Claim No. 015645;
- (viii) Leslie Shapiro Citron filed a customer claim for Account 1SH171, designated as Claim No. 15644; and
- (ix) the Shapiros, as general partners of S&R, filed a customer claim for Account 1SH172, designated as Claim No. 012227.

R. The Trustee advised Defendants, through separate Notices of Determination (the "Determination Notices"), that he had, with the exception of Claim Nos. 005116 and 005656, denied each of the Customer Claims. Specifically, the Trustee issued a Determination Notice for Claim No. 13658 on May 25, 2010, Determination Notices for Claim Nos. 012227, 012386, 012387, 015644, and 015644 on June 16, 2010, a Determination Notice for Claim No. 012228 on October 7, 2010, and a Revised Notice of Determination for Claim No. 012228 on November 10,

2010. In each of the respective Determination Notices, the Trustee rejected Defendants' contention that they were entitled to allowance of the Customer Claims based upon the Last Statement Amounts, and denied each Customer Claim based on his determination that the subject Account had negative "net equity."

S. The Citrons objected to the Determination Notice relating to Claim No. 013658 for Account 1C1251, later withdrew their objection, and then filed an amended objection to the Determination Notice relating to Claim No. 013658. Other than these objections, Defendants did not object to any other Determination Notice.

T. On March 1, 2010, The Honorable Burton R. Lifland, United States Bankruptcy Judge, issued an opinion affirming the Trustee's "net equity" calculation of customer claims as the difference between investment into BLMIS and amounts withdrawn (the "Net Investment Method"). On August 16, 2011, the United States Court of Appeals for the Second Circuit upheld the Trustee's use of the Net Investment Method, and on June 25, 2012, the United States Supreme Court denied petitions for certiorari.

U. On December 9, 2010, the Trustee commenced an adversary proceeding against Defendants and certain others, captioned *Picard v. Shapiro, et al.*, Adv. Pro. No. 10-05383 (SMB) (the "Shapiro Proceeding"). On July 8, 2014, the Trustee filed his Second Amended Complaint in the Shapiro Proceeding (the "Complaint"), asserting claims against Defendants and certain others to avoid and recover the Two-Year Transfers, the Six-Year Transfers, and the Transfers under 11 U.S.C. §§ 544, 547, 548, 550 and 551, the New York Uniform Fraudulent Conveyance Act (New York Debtor and Creditor Law §§ 273–279), the New York Civil Procedure Law, and section 78fff-2(c)(3) of SIPA. The Trustee's claims described in this recital are collectively referred to as the "Avoidance Claims".

V. On August 28, 2014, Defendants moved to dismiss the Complaint. By Order dated February 8, 2016, the Bankruptcy Court granted in part and denied in part the motion to dismiss.

W. On March 16, 2016, Defendants filed an Answer disputing liability to the Estate under all remaining counts of the Complaint and asserting certain defenses.

X. On March 31, 2016, the Bankruptcy Court entered a Case Management Plan, and the Parties thereafter engaged in document and deposition discovery on the Trustee's claims and Defendants' defenses.

Y. Following the conclusion of discovery, the Parties engaged in mediation before the Honorable Faith Hochberg, United States District Judge (ret.), to resolve the Avoidance Claims and all of their other disputes and to avoid the expense, delay, and uncertainty of continued litigation. On July 26, 2019, Judge Hochberg made a final mediator's settlement recommendation, which the Parties accepted, to settle and resolve all of the disputes, claims, actions, defenses or liabilities, whether or not asserted, between them, which is now subject to the terms and conditions specified below.

NOW, THEREFORE, in consideration for the covenants and agreements set forth in this Settlement Agreement (including, without limitation, the releases respectively set forth in

Section 6 and Section 7) and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged for purposes of this settlement, the Parties agree:

AGREEMENT

1. Recitals. The foregoing Recitals are hereby incorporated into, and are a material part of, this Settlement Agreement.
2. Settlement Payment. Defendants shall pay to the Trustee the aggregate amount of Eleven Million Four Hundred and Eighty Thousand United States Dollars (\$11,480,000.00) (the “Settlement Payment”). The Settlement Payment as well as any Settlement Payment Interest (as defined below) shall be paid as follows:
 - (a) The Citrons shall, within ten (10) business days of the date on which the Bankruptcy Court issues an order approving this Settlement Agreement (the “Effective Date”), pay to the Trustee the sum of Eight Hundred Twenty-Eight Thousand Three Hundred and Four United States Dollars (\$828,304.00) (the “Citron Settlement Payment”) by wire transfer of immediately available funds to the account specified on Schedule 1 attached hereto (“Wire Transfer”).
 - (b) Stanley Shapiro shall, within eighteen (18) months of the Effective Date, pay in installments to the Trustee the total sum of Ten Million Six Hundred and Fifty-One Thousand Six Hundred and Ninety-Six United States Dollars (\$10,651,696.00) (the “Shapiro Settlement Payment”). The timing, manner, and security provided for the Shapiro Settlement Payment shall be governed by a certain separate Supplemental Agreement to Settlement Agreement entered into by and between the Trustee and Stanley Shapiro simultaneously with the execution of this Settlement Agreement.
 - (c) Interest shall begin to accrue at the rate of three percent (3%) per annum on any unpaid amount of the Shapiro Settlement Payment that the Trustee has not received within twelve (12) months following the Effective Date (the “Settlement Payment Interest”). Stanley Shapiro shall pay any Settlement Payment Interest to the Trustee by Wire Transfer at the time that the final installment of the Shapiro Settlement Payment is required to be made to the Trustee.
3. Allowance and Assignment of Customer Claims. The Parties agree to the following Customer Claim determinations:
 - (a) On the Effective Date, the Customer Claim for Claim No. 005116 relating to Account 1C1345 shall be allowed in the amount of Five Hundred and Sixty-Two Thousand United States Dollars (\$562,000.00) (the “Allowed 1C1345 Claim”). The Trustee shall issue a letter of determination with respect to the Allowed 1C1345 Claim in the form attached hereto as

Exhibit 1, which shall be effective on the Effective Date. Kenneth Citron, as trustee of the Citron Children's Trust, hereby waives the thirty-day objection period for the determination of the Allowed 1C1345 Claim. The Trustee's determination of the Allowed 1C1345 Claim shall be final and not subject to dispute. The Allowed 1C1345 Claim shall be partially satisfied by funds advanced by SIPC under section 78fff-3(a)(1) of SIPA. As further consideration in this Settlement Agreement, Kenneth Citron, as trustee of the Citron Children's Trust, hereby conveys, assigns, endorses, and transfers to the Trustee the Allowed 1C1345 Claim, the SIPC advance relating to the Allowed 1C1345 Claim, and any and all other payments in satisfaction of the Allowed 1C1345 Claim.

- (b) On the Effective Date, the Customer Claim for Claim No. 005656 relating to Account 1S0540 shall have an allowed customer claim in the amount of One Hundred and Fifty-Two Thousand Four Hundred and Twenty-One United States Dollars and Sixty-Six Cents (\$152,421.66) (the "Allowed 1S0540 Claim"). The Trustee shall issue a letter of determination with respect to the Allowed 1S0540 Claim in the form attached hereto as Exhibit 2, which shall be effective on the Effective Date. David Shapiro, as trustee of the David Shapiro Children's Trust, hereby waives the thirty-day objection period for the determination of the Allowed 1S0540 Claim. The Trustee's determination of the Allowed 1S0540 Claim shall be final and not subject to dispute. The Allowed 1S0540 Claim shall be satisfied by funds advanced by SIPC under section 78fff-3(a)(1) of SIPA (the "SIPA Advance for 1S0540"). As further consideration in this Settlement Agreement, David Shapiro, as trustee of the David Shapiro Children's Trust, hereby conveys, assigns, endorses, and transfers to the Trustee the Allowed 1S0540 Claim, the SIPC Advance relating to the Allowed, 1S0540 Claim, and any and all other payments in satisfaction of the Allowed 1S0540 Claim.
- (c) The Citrons shall withdraw their objection for the Determination Notice for Claim No. 013658 for Account 1C1251 by executing concurrently herewith, and delivering to the Trustee for filing, the Notice of Withdrawal of Objection with prejudice, in the form attached hereto as Exhibit 3.
- (d) The Determination Notices for Claim No. 013658 for Account 1C1251, Claim No. 012386 for Account 1S0306, Claim No. 012228 for Account 1SH014, Claim No. 012387 for Account 1SH028, Claim No. 015645 for Account 1SH030, Claim No. 015645 for Account 1SH171, and Claim No. 012227 for Account 1SH172 shall continue in full force and effect, and shall be deemed final and not subject to dispute.

4. Bankruptcy Court Approval; Termination. This Settlement Agreement is subject to Bankruptcy Court approval by order (the "Bankruptcy Approval Order"), which no Party shall appeal or seek to be otherwise reviewed or reheard. The form of the Bankruptcy

Approval Order shall be subject to Defendants' prior approval, which shall not be unreasonably withheld, delayed, or conditioned. The Trustee shall use his best efforts to obtain the approval of the Bankruptcy Court of this Settlement Agreement as promptly as practicable on or after the date of this Settlement Agreement.

5. Discontinuance of Actions. Within ten (10) business days after the Effective Date, the Parties shall file a stipulation to be so-ordered by the Bankruptcy Court that discontinues the Shapiro Proceeding without prejudice on terms that there be no orders for costs against any of the Parties.

6. Release by Trustee. In consideration for the terms herein, except with respect to any rights and obligations arising under this Settlement Agreement, on the Effective Date, the Trustee, on behalf of BLMIS and its consolidated estates, hereby releases, acquits, and forever discharges each Defendant, including each of his or her successors and/or assigns, his or her professionals and agents, from any and all past, present or future actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, damages, judgments, and claims whatsoever, asserted or unasserted, known or unknown, arising out of, or in any way related to Madoff or BLMIS, including, without limitation, the claims against each Defendant in the Complaint, except for any and all claims to enforce any obligation of any Defendant under this Settlement Agreement or for any and all damages for any misrepresentation made in this Agreement.

7. Releases by Defendants. In consideration for the terms herein, except with respect to any rights and obligations arising under this Settlement Agreement, on the Effective Date, each Defendant hereby releases, acquits, and forever discharges SIPC, the Trustee and his professionals, agents and consultants, Madoff, BLMIS, and the Estate from any and all past, present or future actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, damages, judgments, and claims whatsoever, asserted or unasserted, known or unknown, arising out of or in any way related to Madoff or BLMIS, except for any and all claims to enforce any obligation of the Trustee under this Settlement Agreement.

8. Authority and Representations of the Trustee. The Trustee represents to Defendants, as of the date hereof, and subject to the approval of the Bankruptcy Court, as set forth in Section 4 above, that he has the full power, authority, and legal right to execute and deliver, and to perform his obligations under this Settlement Agreement, and has taken all necessary action to authorize the execution and delivery of, and the performance of his obligations under, this Settlement Agreement.

9. Authority of Defendants Individually. Each Defendant individually represents and warrants to the Trustee that: (i) he or she has the full power, authority, legal right, and capacity to execute and deliver this Agreement and to perform his or her obligations hereunder; (ii) this Agreement has been duly executed and delivered by him or her, and constitutes a valid and binding agreement, enforceable against him or her in accordance with its terms; (iii) in executing this Agreement, he or she has done so with the full knowledge of any and all rights that he or she may have with respect to the controversies herein compromised, and he or she has received or has obtained independent legal advice from his or her attorneys with regard to

the facts relating to said controversies and with respect to the rights arising out of said facts; and (iv) no other person or entity, other than those specifically identified herein, has any interest in the matters that he or she releases herein, and he or she has not assigned or transferred or purported to assign or transfer to any such third person or party all or any portion of the matters that he or she releases herein.

10. Authority on Behalf of S&R. Stanley Shapiro, in his capacity as the general partner of S&R, hereby represents and warrants to the Trustee that: (i) he has the full power, authority, legal right and capacity, on behalf of S&R, to execute and deliver this Agreement and to perform his obligations hereunder; (ii) the execution and delivery of this Agreement and the performance of his obligations hereunder have been duly and validly authorized by all necessary action on the part of S&R; (iii) this Agreement has been duly executed and delivered by him, and constitutes a valid and binding agreement, enforceable against S&R in accordance with its terms; (iv) in executing this Agreement, he has done so with the full knowledge of any and all rights that S&R may have with respect to the controversies herein compromised, and he has received or has had the opportunity to obtain independent legal advice from his attorneys with regard to the facts relating to said controversies and with respect to the rights arising out of said facts; and (v) no other person or entity, other than those specifically identified herein, has any interest in the matters that he releases herein on behalf of S&R, and he has not assigned or transferred or purported to assign or transfer to any such third person or party all or any portion of the matters that he releases herein on behalf of S&R.

11. Authority on Behalf of Estate of Renee Shapiro. Stanley Shapiro, in his capacity as the executor of the Estate of Renee Shapiro, hereby represents and warrants to the Trustee that: (i) he has the full power, authority, legal right and capacity, on behalf of the Estate of Renee Shapiro, to execute and deliver this Agreement and to perform his obligations hereunder; (ii) the execution and delivery of this Agreement and the performance of his obligations hereunder have been duly and validly authorized by all necessary action on the part of the Estate of Renee Shapiro; (iii) this Agreement has been duly executed and delivered by him, and constitutes a valid and binding agreement, enforceable against the Estate of Renee Shapiro in accordance with its terms; (iv) in executing this Agreement, he has done so with the full knowledge of any and all rights that the Estate of Renee Shapiro may have with respect to the controversies herein compromised, and he has received or has had the opportunity to obtain independent legal advice from his attorneys with regard to the facts relating to said controversies and with respect to the rights arising out of said facts; and (v) no other person or entity, other than those specifically identified herein, has any interest in the matters that he releases herein on behalf of the Estate of Renee Shapiro, and he has not assigned or transferred or purported to assign or transfer to any such third person or party all or any portion of the matters that he releases herein on behalf of the Estate of Renee Shapiro.

12. Authority on Behalf of Trusts. Stanley Shapiro, in his capacity as trustee of the LAD Trust, the David Shapiro Trust, and the Leslie Shapiro Citron Trust, David Shapiro, as trustee of the David Shapiro Children's Trust, and Kenneth Citron, as trustee of the Citron Children's Trust, hereby each represent and warrant that: (i) he has the full power, authority, legal right and capacity, on behalf of each of the foregoing trusts (the "Trusts") of which he is the trustee, to execute and deliver this Agreement and to perform his obligations hereunder; (ii) the execution and delivery of this Agreement and the performance of his respective obligations

hereunder have been duly and validly authorized by all necessary action on the part of each Trust, including but not limited to, obtaining any and all required consents from all those having a beneficial interest in each Trust; (iii) this Agreement has been duly executed and delivered by him, and constitutes a valid and binding agreement, enforceable against each Trust with the terms of each Trust; (iv) in executing this Agreement, he has done so with the full knowledge of any and all rights that each Trust may have with respect to the controversies herein compromised, and he has received or has had the opportunity to obtain independent legal advice from his attorneys with regard to the facts relating to said controversies and with respect to the rights arising out of said facts; and (v) no other person or entity, other than those specifically identified herein, has any interest in the matters that he releases herein on behalf of each Trust, and he has not assigned or transferred or purported to assign or transfer to any such third person or party all or any portion of the matters that he releases herein on behalf of each Trust.

13. Defendants' Further Representations. To induce the Trustee to enter into this Settlement Agreement, each Defendant represents and warrants, to the best of his or her knowledge, information, and belief, that: (1) other than the Transfers as referenced on Exhibit B of the Complaint, any Subsequent Transfers and, additionally as to Stanley Shapiro, the BLMIS Salary, Benefits & Perquisites, he or she has not received any other money, funds, loans, transfers, assets, financial assistance or financial accommodation from Madoff, BLMIS or any other company or entity owned or controlled by Madoff or BLMIS; (2) he or she is not an immediate, mediate or subsequent transferee of any other transfers, funds or property originating from Madoff or BLMIS to an initial transferee; and (3) other than the claims asserted in the Complaint, he or she is not aware of any other potential claims against him or her by Madoff, BLMIS or any other company or entity owned or controlled by Madoff or BLMIS. To induce the Trustee to enter into this Settlement Agreement, Stanley Shapiro hereby represents and warrants that he fully disclosed, through counsel during the mediation before the Honorable Faith S. Hochberg (ret.), all of his current assets and liabilities.

14. Parties' Further Assurances. The Parties shall execute and deliver any document or instrument reasonably requested by any of them after the date of this Settlement Agreement to give effect to its intent.

15. Exclusive Jurisdiction. The Parties agree that any dispute between the Parties arising from, relating to, or in connection with this Settlement Agreement, may be brought only in the Bankruptcy Court, which may then enter final award and/or judgment relating to any such dispute. Prior to seeking any relief from the Bankruptcy Court, the petitioning Party must first provide the other Parties with written notice of the alleged breach of this Settlement Agreement and provide the alleged breaching Party thirty (30) days in which to cure the alleged breach. Each Party further agrees to waive any and all defenses to the enforceability of an award or judgment entered by the Bankruptcy Court under this Section in any action brought by any Party to enforce such an award or judgment.

16. Breach of this Settlement Agreement. The Parties shall, in addition to any remedies provided under Section 15 of this Settlement Agreement and any other remedies available under the Bankruptcy Code or any other law, have the following remedies in the event of a breach of Section 2 of this Settlement Agreement.

- (a) The Citrons shall, simultaneously with the execution of this Settlement Agreement, execute a stipulation for entry of consent judgment in the amount of Eight Hundred and Twenty-Eight Thousand Three Hundred and Four United States Dollars (\$828,304.00) in the form attached hereto as Exhibit 4 (the “Citron Consent Judgment”). In the event that the Citrons fail to timely pay the Citron Settlement Payment as required under Section 2(a) of this Settlement Agreement, the Trustee shall be entitled to file and the Bankruptcy Court shall enter the Citron Consent Judgment, and upon receipt of the full amount of the Citron Settlement Payment, the Trustee shall file a Notice of Satisfaction of the Citron Consent Judgment.
- (b) Stanley Shapiro shall, simultaneously with the execution of this Settlement Agreement, execute a stipulation for entry of consent judgment in the form attached hereto as Exhibit 5 (the “Shapiro Consent Judgment”). In the event that Stanley Shapiro fails to timely pay any portion of the Second Shapiro Settlement Payment and any Settlement Payment Interest as required under Section 2(b) and 2(c) of this Settlement Agreement, the Trustee shall be entitled to file and the Bankruptcy Court shall enter the Shapiro Consent Judgment, and upon receipt of the full amount of the Shapiro Settlement Payment and any Settlement Payment Interest, the Trustee shall file a Notice of Satisfaction of the Shapiro Consent Judgment.

17. Entire Agreement. This Settlement Agreement, together with a certain Separate Agreement, constitutes the entire agreement and understanding between and among the Parties, and supersedes all prior agreements, representations, and understandings concerning the subject matter hereof.

18. Amendments, Waiver. This Settlement Agreement may not be terminated, amended or modified in any way except as set forth herein. Material modifications to this Settlement Agreement must be in a writing signed by all the Parties and are subject to approval from the Bankruptcy Court. Non-material modifications must be in a writing signed by all Parties. No waiver of any provision of this Settlement Agreement shall be deemed to constitute a waiver of any other provision hereof, whether or not similar, nor shall such waiver constitute a continuing waiver.

19. Assignability. This Settlement Agreement, including any rights arising under this Settlement Agreement, may not be assigned by any Party without the prior written consent of all other Parties, except that Defendants’ consent is not required for the Trustee to assign or otherwise transfer this Settlement Agreement, or any of his rights under this Settlement Agreement, in connection with any assignment or other transfer of the Trustee’s rights thereunder.

20. Successors Bound. This Settlement Agreement shall be binding upon and inure to the benefit of each of the Parties and their successors and permitted assigns.

21. Applicable Law. This Settlement Agreement shall be construed and enforced in accordance with the laws of New York State without regard to its conflict of law provisions that would result in the application of the law of another jurisdiction. Each Party waives, on behalf of itself and any successors and assigns, any and all right to argue that the choice of New York law provision is or has become unreasonable in any legal proceeding.

22. Captions and Rules of Construction. The captions in this Settlement Agreement are inserted only as a matter of convenience and for reference and do not define, limit or describe the scope of this Settlement Agreement or the scope or content of any of its provisions. Any reference in this Settlement Agreement to a section is to a section of this Settlement Agreement. “Includes” and “including” are not limiting.

23. Counterparts; Electronic Copy of Signatures. This Settlement Agreement may be executed and delivered in any number of counterparts, each of which so executed and delivered shall be deemed to be an original and all of which shall constitute one and the same document. The Parties may evidence their execution of this Settlement Agreement by delivery to the other Party of scanned or faxed copies of their signatures, with the same effect as the delivery of an original signature.

24. Negotiated Agreement. This Settlement Agreement has been fully negotiated by the Parties. Each Party acknowledges and agrees that this Agreement has been drafted jointly, and the rule that ambiguities in an agreement or contract may be construed against the drafter shall not apply in the construction or interpretation of this Settlement Agreement.

25. Severability. In the event that any term or provision of this Settlement Agreement or any application thereof is deemed to be invalid or unenforceable, the remainder of this Settlement Agreement and any other application of such term or provision shall not be affected thereby.

26. Notices. Any notices under this Settlement Agreement shall be in writing, shall be effective when received, and may be delivered only by hand, by overnight delivery service, by fax, or by electronic transmission to:

If to the Trustee:

David J. Sheehan, Esq.
Baker & Hostetler LLP
45 Rockefeller Center
New York, New York 10111
F: (212) 589-4201
E: dsheehan@bakerlaw.com

If to Defendants:

Barry R. Lax, Esq.
Lax & Neville LLP
350 Fifth Avenue, Suite 4640
New York, New York 10118
F: (212) 566-4531
E: blax@laxneville.com

IN WITNESS WHEREOF, the Parties hereto have caused this Settlement Agreement to be executed as of the date first above written.

Irving H. Picard

Irving H. Picard, solely as trustee for the liquidation of the business of Bernard L. Madoff Investment Securities LLC under the Securities Investor Protection Act of 1970, as amended, and the substantively consolidated Chapter 7 estate of Bernard L. Madoff, without personal liability

Stanley Shapiro

Stanley Shapiro, individually

Stanley Shapiro

Stanley Shapiro on behalf S&R Investment Co as its General Partner

Stanley Shapiro

Stanley Shapiro, in his capacity as trustee of the LAD Trust

Stanley Shapiro

Stanley Shapiro, in his capacity as trustee for the David Shapiro 1989 Trust, as amended

Stanley Shapiro

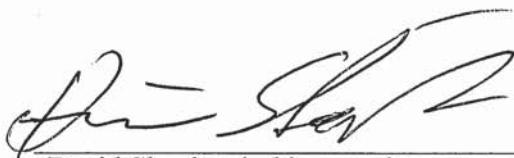
Stanley Shapiro, in his capacity as trustee for the Leslie Shapiro 1985 Trust

Stanley Shapiro

Stanley Shapiro, in his capacity as executor of the Estate of Renee Shapiro

David Shapiro

David Shapiro, individually



David Shapiro, in his capacity as trustee of the
Trust for the Benefit of William P. Shapiro and
James G. Shapiro

Leslie Shapiro Citron, individually

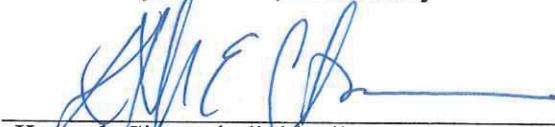
Kenneth Citron, individually

Kenneth Citron, in his capacity as trustee of the
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Faye Citron, and Lily Claire Citron

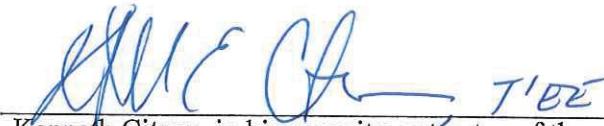
David Shapiro, in his capacity as trustee of the
Trust for the Benefit of William P. Shapiro and
James G. Shapiro



Leslie Shapiro Citron, individually



Kenneth Citron, individually



Kenneth Citron, in his capacity as trustee of the
Trust for the Benefit of Anna Jane Citron, Kate
Faye Citron, and Lily Claire Citron

**SCHEDULE AND EXHIBITS
TO SETTLEMENT AGREEMENT**

SCHEDULE 1	WIRE INSTRUCTIONS
EXHIBIT 1	DETERMINATION LETTER FOR CLAIM 005116
EXHIBIT 2	DETERMINATION LETTER FOR CLAIM 005656
EXHIBIT 3	NOTICE OF WITHDRAWAL OF OBJECTION
EXHIBIT 4	CITRON CONSENT JUDGMENT
EXHIBIT 5	SHAPIRO CONSENT JUDGMENT

SCHEDULE 1
TO
SETTLEMENT
AGREEMENT

SCHEDULE 1

Wiring Instructions

Citi Private Bank

153 East 53rd Street, 23rd Floor

New York, New York 10022

ABA No.:

Swift Code:

Account Name:

Irving H. Picard, Trustee for the Liquidation of Bernard L. Madoff
Investment Securities LLC

Account No.:

EXHIBIT 1
TO
SETTLEMENT
AGREEMENT

BERNARD L. MADOFF INVESTMENT SECURITIES LLC

In Liquidation

DECEMBER 11, 2008¹

NOTICE OF TRUSTEE'S DETERMINATION OF CLAIM

[MONTH] [DAY], 2020

Kenneth Citron
Trustee for Trust for the Benefit of the Children of Leslie Citron
[REDACTED]

Dear Mr. Citron:

PLEASE READ THIS NOTICE CAREFULLY.

The liquidation of the business of BERNARD L. MADOFF INVESTMENT SECURITIES LLC (“BLMIS”) is being conducted by Irving H. Picard, Trustee under the Securities Investor Protection Act, 15 U.S.C. § 78aaa *et seq.* (“SIPA”), pursuant to an order entered on December 15, 2008 by the United States District Court for the Southern District of New York.

The Trustee has made the following determination regarding your claim on BLMIS Account No. 1C1345, designated as Claim No. 005116:

Your claim for a credit balance of \$263,470.33 and securities is **DENIED**. No securities were ever purchased for your account.

Your claim for BLMIS Account No. 1C1345, and the Trustee’s claims against you in *Irving H. Picard, Trustee for the Liquidation of Bernard L. Madoff Investment Securities LLC v. Shapiro, et al.*, Adv. Pro. No. 10-05383, have been settled on the terms and subject to the conditions set forth in that certain **SETTLEMENT AGREEMENT**, dated as of January [DAY], 2020 between you and the Trustee, amongst others.

Pursuant to the terms of and solely for purposes of the **SETTLEMENT AGREEMENT**, your claim was **ALLOWED** for \$562,000.00 (your “**ALLOWED CLAIM**”) and simultaneously

¹ Section 78*lll*(7)(B) of SIPA states that the filing date is “the date on which an application for a protective decree is filed under 78eee(a)(3),” except where the debtor is the subject of a proceeding pending before a United States court “in which a receiver, trustee, or liquidator for such debtor has been appointed and such proceeding was commenced before the date on which such application was filed, the term ‘filing date’ means the date on which such proceeding was commenced.” Section 78*lll*(7)(B). Thus, even though the Application for a protective decree was filed on December 15, 2008, the Filing Date in this action is on December 11, 2008.

assigned and transferred to the Trustee pursuant to the terms of the **SETTLEMENT AGREEMENT**.

All payments in satisfaction of your **ALLOWED CLAIM** will be made pursuant to the terms of the **SETTLEMENT AGREEMENT**.

Irving H. Picard

Trustee for the Liquidation of the Business of
Bernard L. Madoff Investment Securities LLC

cc: Barry R. Lax, Esq.
Lax & Neville LLP
350 Fifth Avenue, Suite 4640
New York, NY 10118

EXHIBIT 2
TO
SETTLEMENT
AGREEMENT

BERNARD L. MADOFF INVESTMENT SECURITIES LLC

In Liquidation

DECEMBER 11, 2008¹

NOTICE OF TRUSTEE'S DETERMINATION OF CLAIM

[MONTH] [DAY], 2020

David Shapiro
Trustee for Trust for the Benefit of the Children of David Shapiro
[REDACTED]

Dear Mr. Shapiro:

PLEASE READ THIS NOTICE CAREFULLY.

The liquidation of the business of BERNARD L. MADOFF INVESTMENT SECURITIES LLC (“BLMIS”) is being conducted by Irving H. Picard, Trustee under the Securities Investor Protection Act, 15 U.S.C. § 78aaa *et seq.* (“SIPA”), pursuant to an order entered on December 15, 2008 by the United States District Court for the Southern District of New York.

The Trustee has made the following determination regarding your claim on BLMIS Account No. 1S0540, designated as Claim No. 005656:

Your claim for a credit balance of \$288,950.00 and securities is **DENIED**. No securities were ever purchased for your account.

Your claim for BLMIS Account No. 1S0540, and the Trustee’s claims against you in *Irving H. Picard, Trustee for the Liquidation of Bernard L. Madoff Investment Securities LLC v. Shapiro, et al.*, Adv. Pro. No. 10-05383, have been settled on the terms and subject to the conditions set forth in that certain **SETTLEMENT AGREEMENT**, dated as of January [DAY], 2020 between you and the Trustee, amongst others.

Pursuant to the terms of and solely for purposes of the **SETTLEMENT AGREEMENT**, your claim was **ALLOWED** for \$152,420.66 (your “**ALLOWED CLAIM**”) and simultaneously

¹ Section 78*III*(7)(B) of SIPA states that the filing date is “the date on which an application for a protective decree is filed under 78eee(a)(3),” except where the debtor is the subject of a proceeding pending before a United States court “in which a receiver, trustee, or liquidator for such debtor has been appointed and such proceeding was commenced before the date on which such application was filed, the term ‘filing date’ means the date on which such proceeding was commenced.” Section 78*III*(7)(B). Thus, even though the Application for a protective decree was filed on December 15, 2008, the Filing Date in this action is on December 11, 2008.

assigned and transferred to the Trustee pursuant to the terms of the **SETTLEMENT AGREEMENT**.

All payments in satisfaction of your **ALLOWED CLAIM** will be made pursuant to the terms of the **SETTLEMENT AGREEMENT**.

Irving H. Picard

Trustee for the Liquidation of the Business of
Bernard L. Madoff Investment Securities LLC

cc: Barry R. Lax, Esq.
Lax & Neville LLP
350 Fifth Avenue, Suite 4640
New York, NY 10118

EXHIBIT 3
TO
SETTLEMENT
AGREEMENT

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-01789 (SMB)

SIPA LIQUIDATION

(Substantively Consolidated)

NOTICE OF WITHDRAWAL OF OBJECTION

Kenneth E. Citron and Leslie Shapiro Citron (the “Claimants”), having filed an objection (the “Objection”, Docket No. 2591) to the Trustee’s Notice of Determination of Claim respecting Claimants’ customer claim (#013658) for Account 1C1251, hereby give notice that they withdraw such Objection.

Dated: [MONTH] [DAY], 2020

LAX & NEVILLE LLP

By: /s/ Barry R. Lax
350 Fifth Avenue, Suite 4640
New York, New York 10118
Telephone: 212.566.4531
Facsimile: 212.566.4531
Barry R. Lax
Email: blax@laxnevile.com

*Attorneys for Claimants Kenneth E. Citron and
Leslie Shapiro Citron*

EXHIBIT 4
TO
SETTLEMENT
AGREEMENT

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

In re:

BERNARD L. MADOFF,

Debtor,

IRVING H. PICARD, Trustee for the Substantively
Consolidated SIPA Liquidation of Bernard L. Madoff
Investment Securities LLC and the Estate of Bernard
L. Madoff,

Plaintiff,

v.

STANLEY SHAPIRO, *et al.*,

Defendants.

SIPA LIQUIDATION

Adv. Pro. No. 08-01789 (SMB)

(Substantively Consolidated)

Adv. Pro. No. 10-05383 (SMB)

**CONSENT JUDGMENT AS TO
LESLIE SHAPIRO CITRON AND KENNETH CITRON**

WHEREAS, Irving H. Picard (the “Trustee”) is the trustee for the liquidation of the business of Bernard L. Madoff Investment Securities LLC (“BLMIS”) under the Securities Investor Protection Act, 15 U.S.C. §§ 78aaa *et seq.*, substantively consolidated with the liquidation under chapter 7 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.*, of the estate of Bernard L. Madoff (“Madoff”), currently pending in the United States Bankruptcy Court for the Southern District of New York as Case No. 08-01789 (SMB);

WHEREAS, the Trustee is duly qualified to serve and act on behalf of the estates of BLMIS and Madoff;

WHEREAS, on December 9, 2010, the Trustee filed an adversary proceeding in this Court against Leslie Shapiro Citron and Kenneth Citron (the "Citrons") and other related parties (together, "Defendants") to avoid and recover, *inter alia*, fraudulent transfers received by the Citrons from BLMIS;

WHEREAS, on January [DAY], 2020, the Trustee, the Citrons, and certain other of Defendants entered into a Settlement Agreement, in order to settle the claims asserted by the Trustee against Defendants in the adversary proceeding and by Defendants against the BLMIS estate, upon the terms set forth therein;

WHEREAS, on [MONTH] [DAY], 2020 (the "Effective Date"), this Court entered an order approving the terms of the Settlement Agreement;

WHEREAS, pursuant to Section 2(a) of the Settlement Agreement, the Citron agreed to pay the Trustee the amount of \$828,304 (the "Judgment Amount") within ten business days of the Effective Date;

WHEREAS, the Citrons failed to timely pay the Judgment Amount within ten business days of the Effective Date; and

WHEREAS, pursuant to Section 16(a) of the Settlement Agreement, the Citrons consented to the entry of the instant Consent Judgment against them in the Judgment Amount in the event that they fail to timely pay the Judgment Amount.

NOW THEREFORE, IT IS HEREBY ORDERED AND ADJUDGED THAT:

1. Judgment is hereby entered, by consent of the Trustee and the Citrons pursuant to the terms of the Settlement Agreement, against the Citrons and in favor of the Trustee in the amount of \$828,304; and
2. The undersigned represent that they each have obtained the advice of counsel and are consenting and agreeing to all the terms of the instant consent judgment freely and voluntarily.

AGREED AND CONSENT TO AS TO FORM AND SUBSTANCE:

For Plaintiff:

/s/
BAKER & HOSTETLER LLP
45 Rockefeller Plaza
New York, New York 10111
David J. Sheehan
Email: dsheehan@bakerlaw.com
Torello H. Calvani
Email: tcalvani@bakerlaw.com

and

127 Public Square
Cleveland, Ohio 44114
James H. Rollinson
Email: jrollinson@bakerlaw.com

For Defendants:

/s/
LAX & NEVILLE LLP
350 Fifth Avenue, Suite 4640
New York, New York 10118
Barry R. Lax
Email: blax@laxnevile.com
Robert R. Miller
Email: rmiller@laxnevile.com

SO ORDERED

This ____ day of _____, _____

HONORABLE STUART M. BERNSTEIN
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 5
TO
SETTLEMENT
AGREEMENT

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

In re:

BERNARD L. MADOFF,

Debtor,

IRVING H. PICARD, Trustee for the Substantively
Consolidated SIPA Liquidation of Bernard L. Madoff
Investment Securities LLC and the Estate of Bernard
L. Madoff,

Plaintiff,

v.

STANLEY SHAPIRO, *et al.*,

Defendants.

SIPA LIQUIDATION

Adv. Pro. No. 08-01789 (SMB)

(Substantively Consolidated)

Adv. Pro. No. 10-05383 (SMB)

CONSENT JUDGMENT AS TO STANLEY SHAPIRO

WHEREAS, Irving H. Picard (the “Trustee”) is the trustee for the liquidation of the business of Bernard L. Madoff Investment Securities LLC (“BLMIS”) under the Securities Investor Protection Act, 15 U.S.C. §§ 78aaa *et seq.*, substantively consolidated with the liquidation under chapter 7 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.*, of the estate of Bernard L. Madoff (“Madoff”), currently pending in the United States Bankruptcy Court for the Southern District of New York as Case No. 08-01789 (SMB);

WHEREAS, the Trustee is duly qualified to serve and act on behalf of the estates of BLMIS and Madoff;

WHEREAS, on December 9, 2010, the Trustee commenced an adversary proceeding in this Court against Stanley Shapiro (“Shapiro”) and other related parties (“Defendants”) to avoid and recover, *inter alia*, fraudulent received by Shapiro from BLMIS;

WHEREAS, on January [DAY], 2020, 2019, the Trustee, Shapiro, and certain other Defendants entered into a Settlement Agreement, in order to settle the claims asserted by the Trustee in the adversary proceeding and by Defendants against the BLMIS estate, upon the terms set forth therein;

WHEREAS, on [MONTH] [DAY], 2020 (the “Effective Date”), this Court entered an order approving the terms of the Settlement Agreement;

WHEREAS, pursuant to Section 2(c) of the Settlement Agreement, Shapiro agreed to pay the Trustee the amount of \$10,480,000.00 (the “Second Shapiro Settlement Payment”) in two or more installments with the final installment to be made no later than eighteen months after the Effective Date;

WHEREAS, pursuant to Section 2(d) of the Settlement Agreement, Shapiro further agreed that interest shall begin to accrue at the rate of three percent per annum on any unpaid amount of the Second Shapiro Settlement Payment that the Trustee has not received within nine months following the Effective Date (the “Settlement Payment Interest”);

WHEREAS, Shapiro paid the Trustee the sum of \$[specify installment amount] on [specify date installment payment was made] [and] [specify any additional installment payment and date when made];

WHEREAS, Shapiro failed to timely pay the Trustee the remaining amount of the Second Shapiro Settlement Payment, a sum of \$ *[specify outstanding amount]*, which remains to be paid to the Trustee;

WHEREAS, Shapiro did not pay the entire amount of the Second Shapiro Settlement Payment within nine months after the Effective date and as of *[specify date of submission of Consent Judgment]*, a total of \$*[specify interest to date]* in Settlement Payment Interest had accrued and each day thereafter \$*[specify daily interest]* in additional Settlement Payment Interest shall accrue; and

WHEREAS, pursuant to Section 16(b) of the Settlement Agreement, Shapiro has consented to, in the event that he fails to timely pay any installment of the Second Shapiro Settlement Payment and/or any Settlement Payment Interest, entry of a consent judgment against him and in favor of the Trustee in the amount of the unpaid portion of the Second Shapiro Settlement Payment and any Settlement Payment Interest.

NOW THEREFORE, IT IS HEREBY ORDERED AND ADJUDGED THAT:

1. Judgment is hereby entered, by consent of the Trustee and Shapiro pursuant to the terms of the Settlement Agreement, against Shapiro and in favor of the Trustee in the amount of *[total amount of unpaid portion of the Second Shapiro Settlement Payment and all Settlement Payment Interest accrued as of the date of entry of the judgement]*; and

2. The undersigned represent that the respective parties have obtained the advice of counsel and are consenting and agreeing to all the terms of the Shapiro Consent Judgment freely and voluntarily.

AGREED AND CONSENT TO AS TO FORM AND SUBSTANCE:

For Plaintiff:

/s/

BAKER & HOSTETLER LLP
45 Rockefeller Plaza
New York, New York 10111
David J. Sheehan
Email: dsheehan@bakerlaw.com
Torello H. Calvani
Email: tcalvani@bakerlaw.com

For Defendants:

/s/

LAX & NEVILLE LLP
350 Fifth Avenue, Suite 4640
New York, New York 10118
Barry R. Lax
Email: blax@laxnevile.com
Robert R. Miller
Email: rmiller@laxnevile.com

and

127 Public Square
Cleveland, Ohio 44114
James H. Rollinson
Email: jrollinson@bakerlaw.com

SO ORDERED

This ____ day of _____, _____

HONORABLE STUART M. BERNSTEIN
UNITED STATES BANKRUPTCY JUDGE